

Message Text

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FM SECSTATE WASHDC

TO USDEL ATLANTA IMMEDIATE

C O N F I D E N T I A L STATE 079882

FOR ASSISTANT SECRETARY KUBISCH

FOLL REPEAT SAN JOSE 1515 ACTION SECSTATE INFO BRASILIA GUATEMALA
BOGOTA MANAGUA PANAMA QUITO SAN SALVADOR TEGUCIGALPA GUAYAQUIL
18 APR 74 QUOTE

C O N F I D E N T I A L SAN JOSE 1515

E.O. 11652: GDS

TAGS: ETRD, CS, HO, NV

SUBJECT: BANANA EXPORT TAX

REF: STATE 57517

1. PRINCIPAL U.S. CONCERNS ABOUT BANANA EXPORT TAX WERE
CONVEYED BY CHARGE TO FOREIGN MINISTER FACIO ON MARCH 29,
DRAWING ON STATE 57517. FACIO UNDERSTOOD ULD APPEARED TO
SHARE OUR CONCERNS. HE VOLUNTEERED THAT HE HAD HAD
ARGUMENT WITH PRESIDENT FIGUERES ON GENERAL SUBJECT OF
BANANA EXPORT TAX SHORTLY AFTER HIS (FACIO'S) RECENT
RETURN FROM SOUTH AMERICAN TRIP. ACCORDING TO FACIO,
PRESIDENT CAN THINK ONLY OF "PRICES", WHEREAS FACIO
RECOGNIZED LARGE ECONOMIC AND FOREIGN POLICY CONSIDER-
ATIONS INVOLVED.

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2. THEN WAS THEN, AND THERE IS NOW, NO INDICATION
THAT FACIO'S STRICTURES HAD ANY EFFECT WHATSOEVER ON

PRESIDENT. PRESS REPORTS OF FACIO'S SUPPORT FOR BANANA TAX ON CURRENT U.S. VISIT SUPPORT OUR CLEAR UNDERSTANDING THAT TAX REMAINS SETTLED POLICY OF THIS ADMINISTRATION TO WHICH FIGUERES IS EMOTIONALLY COMMITTED. HE MAY YET HAVE TO BEND ON THE TAX IF MARKET CONDITIONS ARE CLEARLY UNRECEPTIVE, OR IF OTHER BANANA PRODUCERS DO NOT GO ALONG, BUT IN PRESENT ATMOSPHERE EMBASSY HAS NO DOUBT THAT FURTHER DEMARCHE AT BILATERAL LEVEL IN SAN JOSE WOULD BE REVIEWED BY FIGUERES ADMINISTRATION AS "U.S. PRESSURE TACTICS." THIS MAY BE ESPECIALLY TRUE IN LIGHT OF REPORTED THREATS BY ILA (STATE 78729).

3. ON OTHER HAND, AMBASSADOR EBERLE'S TRIP OFFERS EXCELLENT OPPORTUNITY FOR USG TO REAFFIRM US VIEWS IN BROADER CONTEXT OF MANY MUTAL INTERESTS. MOREOVER, IF AS WE HOPE AND EXPECT SENIOR GOCR REPRESENTATIVE AT THAT MEETING IS MINISTER OF ECONOMY-DESIGNATE SANCHEZ, AMBASSADOR EBERLE WILL BE SPEAKING TO A KEY OFFICIAL OF NEW ODUBER ADMINISTRATION WHICH MAY BE MORE RECEPTIVE TO SUCH BROADER CONSIDERATIONS.

LANE
UNQUOTE RUSH

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